

60 YEARS OF INSURANCE

- Unemployment insurance program authorized in 1936 with the Michigan Unemployment Compensation Act, which also created the Michigan Unemployment Compensation Commission (MUCC), predecessor of the Michigan Employment Security Commission (MESC).
- In 1937, MUCC began organizing the Agency by creating two major divisions—unemployment compensation and employment service.
- MUCC started collecting unemployment taxes from employers in 1937 and set up 17 branch offices for the employment service.
- Commission began taking UI claims in July 1938, first check issued in August for \$15.50.
- The MUCC became MESC in 1951.

In the mid-1990s, three Executive Orders from Governor Engler dramatically changed the MESC.

- *Executive Order 1994-2* abolished the four-member Michigan Employment Security Commission, which set policy for the Agency, and transferred functions to the Director of Employment Security.
- *Executive Order 1995-8* transferred the employment security director's authority to the Michigan Jobs Commission and created the Michigan Employment Security Agency.
- *Executive Order 1997-2* created the Unemployment Agency within the Department of Consumer & Industry Services and transferred all statutory authority, powers, duties, functions and responsibilities for the unemployment insurance program to the Agency.

WEB SITE

The UA's Web site is a 24 hours a day, 7 days a week extension of its brick and mortar offices, offering information about its programs and services, downloadable forms and publications and UI program data dating to the 1930s. Point your browser to: **www.miua.com**.

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State of Michigan

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STATE OF MICHIGAN

Unemployment Agency

*Department of Consumer &
Industry Services*

*Economic
strength
insured for
workers,
for employers
and for
Michigan!*



Michigan's Unemployment Agency

Economic strength insured for workers, for employers and for Michigan!

UA MISSION STATEMENT

"To provide a UI system to insure the economic strength of Michigan, its employers and workers, through: fairly applying the UI laws; accurately managing unemployment trust funds; continually improving the efficiency and timeliness of the program; focusing on simplifying the process for customers; and striving for complete customer satisfaction."

Based in Detroit, the Unemployment Agency (UA) operates Michigan's unemployment insurance (UI) program, which collects unemployment taxes from employers and issues jobless benefits payments to eligible unemployed workers. Following a 1998 reorganization, employment services were spun off from the Agency to other state agencies.

The UI program is authorized by the 1936 Michigan Employment Security Act, which complies with two federal laws – the Social Security Act and the Wagner-Peyser Act. The former act set up guidelines for states to follow in forming UI programs, while the latter act provided for the creation and maintenance of free public employment offices.

CUSTOMER SERVICES

The largest organization within UA has two major functions—the collection of unemployment taxes and the payment of unemployment insurance benefits.

TAXES:

- UA's Tax Office maintains 200,000+ employers' tax accounts.
- The Office annually collects over \$1 billion.
- Taxes are used to pay unemployment insurance benefits. Unemployment taxes are paid on the first \$9,500 of each employee's earnings. Tax rates normally range from 0.1% to 9.0%, but the lowest possible rate is 0.1%.
- Michigan's booming economy and a healthy reserve in the Unemployment Insurance Trust Fund—maintained by the UA—led to the average unemployment tax rate for Michigan employers dropping for the fourth straight year in 1998. The average tax rate was 2.8 percent in 1998, down from 3.26 percent in 1997.

AUDITS & INVESTIGATIONS

Agency anti-fraud efforts save money and improve quality. The efforts help ensure the \$2-billion Unemployment Insurance Trust Fund remains at the highest possible level and taxes remain at the lowest possible rate.

Common types of fraud uncovered by the UA include: nonreporting of taxable wages by an employer; intentionally misclassifying employees as independent contractors; and working and not reporting wages while drawing benefits.

BENEFITS:

- The UA accepts claims for jobless benefits, determines if applicants qualify, and issues benefits.
- The average benefit payment in 1998 was \$234.63.
- The Agency has local customer service offices across the state.
- In 1998, the average duration of unemployment was 10.3 weeks, and about \$990 million in benefits were paid.
- Employers and claimants who disagree with Agency decisions about unemployment benefits or taxes may appeal to UA administrative law judges (ALJ's). The ALJ's hold hearings and make decisions or issue orders based on the facts of the case. Most appeals involve issues of employee misconduct or voluntary quits.
- The UA collects about \$19 million a year in penalties and interest funds and restitution of improperly paid benefits.

CUSTOMER SERVICE NUMBERS

Employer Customer Relations, 1-800-638-3994

Claimant Customer Relations, 1-800-638-3995

Anti-Fraud Hotline, 1-800-822-1122

Work Opportunity Tax Credit & Welfare to Work Tax Credit, 1-800-482-2959

Advocacy Program, 1-800-638-3994